

## Certificated Salary Compliance

Section 165.016, RSMo, outlines the compliance requirement for certificated salaries as compared to current operating cost. The base year percentage, defined in Section 165.016, RSMo, is the average of the 1991-92 and 1992-93 percentages of certificated salaries unless modified by one of several allowable methods. The certificated salary and FIRE base year percentage for each school district is available on the School Finance WEB page at:

<http://services.dese.state.mo.us/divadm/finance/>

- Select "Special Reports"
- Select "Certificated Salary"
- Select "Current Certificated Salary "BASE" Percentages"

Section 165.016, RSMo, provides districts with four options for meeting certificated salary compliance. Districts meeting the minimum compliance requirements under options 1, 2, 3 or 4 are considered to be in compliance for certificated salary purposes. Section 165.016.1, RSMo, does not require a district to meet all options. If the district meets one of the options for the fiscal year, the district is considered to be in compliance.

**Option #1** is the same calculation that has been used since the certificated salary requirements (SB 795, 1996) were implemented. This option is the calculation of certificated salaries as compared to current operating costs, which includes non-capital transportation expenditures. A district is considered in compliance with certificated salary if the subject year certificated salary percentage is no more than two percentage points below the base year percentage, **OR**

**Option #2** is calculated in the same manner as Option 1 except that transportation costs are excluded from current operating costs. A district is considered in compliance with certificated salary if the subject year certificated salary percentage is no more than two percentage points below the base year percentage, **OR**

**Option #3** allows any district in which the unrestricted ending fund balance in the combined Incidental and Teachers Funds on June 30 is equal to or less than ten percent (10%) of the combined expenditures for the year from those funds AND the district has no compliance penalty due from previous year noncompliance, to be considered in compliance for certificated salary purposes without further documentation, **OR**

**Option #4** is a ratio referred to as the Fiscal Instructional Ratio of Efficiency (FIRE). This calculation compares instructional, pupil and improvement costs with current operating costs. The base year FIRE percentage was established with 1997-1998 data. A district is considered in compliance for certificated salary in any year (1998-99 and beyond) in which the district's FIRE percentage equals or exceeds the district's base year FIRE percentage.

The Certificated Salary and Fiscal Instructional Ratio of Efficiency (FIRE) reports for each fiscal year can be found as a "special report" in the district Annual Secretary of the Board Report (ASBR) program. Each year's certificated salary and FIRE calculations are made available through the appropriate year's ASBR for comparison to established base percentages. The district is responsible to ensure compliance with the certificated salary requirements by meeting one of the previously described options.

The following is a description of several documents to assist the district in its certificated salary compliance effort. These documents may aid a school district in determining whether or not it is in compliance with certificated salary requirements as well as provide a mechanism for a district to request a change to the base year percentage or request a waiver/exemption for a single year. These documents are:

**ASBR Generated Worksheet - CERTIFICATED SALARY COMPLIANCE CALCULATION:** A calculation of school district data as extracted from the district submitted Annual Secretary of the Board Report (ASBR). This calculation displays district data in two columns (one with transportation expenditures included and the second column with transportation expenditures excluded) comparing certificated salary costs with current operating costs.

**ASBR Generated Worksheet - FISCAL INSTRUCTIONAL RATIO OF EFFICIENCY (FIRE) CALCULATION:** A calculation of school district data as extracted from the district submitted Annual Secretary of the Board Report (ASBR). This calculation compares instructional, pupil and improvement costs with current operating costs.

**FORM A - CERTIFICATED SALARY BASE YEAR PERCENTAGE ONE-TIME REVISION:** Used to request a “one-time” revision to the calculated certificated salary base percentage. May be submitted anytime after the district receives a balance letter for the subject year ASBR. Form A is analyzed by DESE staff and submitted to the State Board of Education for approval.

**FORM B - CERTIFICATED SALARY COMPLIANCE EXEMPTION/WAIVER OF PENALTY:** Used to request a single year “exemption” or waiver of penalty for non-compliance with certificated salary requirements when conditions in the subject year, beyond the control of the district, caused the district to be out of compliance. May be submitted anytime after the district receives a balance letter for the subject year ASBR. Form B is analyzed by DESE staff and submitted to the State Board of Education for approval.

**FORM C - CERTIFICATED SALARY BASE YEAR THREE-YEAR GROWTH REVISION:** Generated by DESE for those districts which have had an average yearly increase of at least three percent (3%) in average daily attendance (not eligible pupil) over three consecutive years. Districts receiving Form C may use the average certificated salary percentage of the last two years of the three consecutive years experiencing the growth as its revised base year percentage. If the district wishes to take advantage of the lower base percentage allowed by this provision of statute, Form C must be signed by the district administrator and returned to DESE. Automatically approved by DESE staff upon receipt of signed copy.

**FORM D - CERTIFICATED SALARY COMPLIANCE REVISION BASED ON GRANTS:** Used to request the exclusion of certain grants from the calculation of certificated salary percentage. Appropriate grant expenditure data provided by the district will be backed out of the certificated salary compliance calculation by DESE to arrive at an adjusted subject year certificated salary percentage. Both subject year and base year data must be adjusted to exclude the impact of grant expenditures. All expenditures pertaining to grants must be included. May be submitted anytime after the district receives a balance letter for the current year ASBR. FORM D is analyzed and approved by DESE staff.